After 70 Years, Right-To-Work Impact Still Unclear

Tom LoBianco, Associated Press

INDIANAPOLIS (AP) — The battle over the right-to-work issue may be reaching a conclusion in Indiana as the state prepares to adopt its law, but the argument over exactly what the measure means for a state's economy is likely to rage on, unresolved, as it has for 70 years.

Since the 1940s, 22 states have passed laws barring unions from collecting mandatory fees from workers for labor representation. Supporters, mostly Republicans, insist the measure helps create a pro-business climate that attracts employers and increases jobs. Opponents say the law only leads to lower wages and poorer quality jobs.

The evidence on the issue is abundant, but also conflicting and murky. The clearest conclusion, according to many experts, is that the economies of states respond to a mix of factors, ranging from the swings in the national economy to demographic trends, and that isolating the impact of right-to-work is nearly impossible.

Obscuring the answer is "the difficulty of distinguishing the effects of the RTW laws from state characteristics, as well as other state policies that are unrelated with these laws," said economists Ozkan Eren and Serkan Ozbeklik, who conducted a major study last year of the right-to-work laws in Oklahoma and Idaho.

For major industries, the chief factors in choosing locations tend to be access to supplies, infrastructure, key markets and a skilled work force, according to business recruitment specialists. For a state's workers, the impact of right-to-work is limited because only about 7% of private sector employees are unionized. Over the years, job growth has surged in states with, and without, right-to-work laws.

On right to work, "The reason we don't have clear views is because it's always being debated at its extremes," said Gary Chaison, a professor of labor relations at Clark University in Massachusetts, who assigns his students to analyze the issue each year. In the end, when it comes to jobs and the law, "We don't know causation," he said.

The Indiana Legislature is expected to complete action on its measure soon. However, the larger debate will continue, focusing on the following arguments:

Claim: Right-to-work brings more jobs to a state.

According to a study commissioned by Indiana's Chamber of Commerce, which supports the right-to-work law, employment grew 100 percent in right-to-work states between 1977 and 2008 but only 57 percent in those without the law.

Proponents point to an immediate impact in Oklahoma, which adopted the measure in 2001. In 2002, the state added 7,822 jobs, said Fred Morgan, president of the Oklahoma Chamber of Commerce.

"In 2002, the Oklahoma Department of Commerce reported that companies announced plans to add the highest number of new jobs since 1995," Morgan said.

However, the chamber study does not account for significant factors affecting employment in the period cited. A massive decline in American manufacturing had a severe impact on jobs in the Rust Belt, where states without right-to-work are clustered. The Sunbelt, where most states have the law, had fewer manufacturing jobs to lose and also experienced big increases in population.

In Oklahoma, the job gains after right to work also were not unusual in the region. Three neighboring states without a right-to-work law -- Missouri, New Mexico and Colorado -- experienced similar job growth, in some cases even exceeding Oklahoma's. Several major employers shut down in Oklahoma City, including Gulfstream Aerospace in 2002 and Bridgestone Firestone in 2006.

Other factors affecting businesses may play a larger role on job growth in right-to-work states, Eren and Ozbklik's study concluded. Many have "higher subsidies for new factories, low taxes on capital and weaker environmental/safety regulations," they said. In Oklahoma and Idaho, "it is not likely that RTW laws have any impact on manufacturing employment rate."

The chamber study also argues that right-to-work boosts a state's population by making it a more popular place to live and work. Between 2000 and 2009, 4.9 million Americans left non-right-to-work states for those with the law, according to the study. However, the study offered no evidence on other causes for the population shifts.

Claim: Right-to-work decreases wages.

The Economic Policy Institute, which is supported by organized labor, reports that workers in right-to-work states earn $1,500 less annually than their counterparts in states without the law, based on a 2009 analysis of census data.

On average, "right-to-work laws are associated with wages -- for everyone, not just union members -- that are 3.2 percent lower than they would be without such a law," according to an EPI study released earlier this month.

The EPI researchers, Elise Gould and Heidi Shierholz, said their study made adjustments for differences in the costs of living so that the higher wages in right-to-work states didn't just reflect the higher living costs on the East and West coasts.

But right-to-work supporters counter with the chamber's study showing that personal income grew 164.4 percent in right-to-work states between 1977 and 2008 while income grew 92.8 percent in non-right-to-work states.

Claim: Right-to-work is designed to weaken unions.

Unions lose some paying members when workers' dues are made voluntary, according to data gathered by Georgia State University professor Barry Hirsch and Trinity University professor David Macpherson at UnionStats.com.

So-called "free riders," or workers covered by union contracts who chose not to pay dues, increased 400 percent in the decade after Oklahoma became a right-to-work state. In 2010, 4.7 percent of the state's private sector work force was covered by union contracts, by only 3.5 percent of the work force were dues-paying members.

In Idaho the number of workers covered by unions who weren't members increased roughly 130 percent after the state approved its right-to-work law.

However, by far the largest blow to union membership and finances has been the manufacturing decline and the loss of millions of jobs. Even in states without a right-to-work law, union membership dropped 54.2 percent between 1983 and 2010, according to data from the UnionStats.com website.

And even before a right-to-work law goes into effect in Indiana, union membership there has dropped from 14.1 percent to 8.9 percent in the last decade.

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